



First Quarter 2015 Results (January-March)

Madrid, May, 12th 2015

Talgo

1. Q1 2015 Highlights

- Backlog of c. €3,786m as of March, 31st 2015
 - New Order Intake of €176m from Damman-Ryhad project award
- All projects at budgeted margins and on time
- Q1 2015 Net Turnover +9.2% vs. Q1 2014
- Q1 2015 Adj. EBIT +25.8% vs. Q1 2014
- Q1 2015 Adj. EBIT margin of 19.2% vs. Q1 2014 Adj. EBIT margin of 16.6%
- Q1 2015 Net Income +66.8% vs. Q1 2014

2. Summary Profit and Loss Account

€Thousand	1Q15	1Q14	Var %	2014
Total net turnover	86,532	79,250	9.2%	384,311
Adjusted EBITDA	19,059	15,522	22.8%	90,045
<i>% margin</i>	<i>22.0%</i>	<i>19.6%</i>		<i>23.4%</i>
Adjusted EBIT	16,583	13,187	25.8%	78,762
<i>% margin</i>	<i>19.2%</i>	<i>16.6%</i>		<i>20.5%</i>
Net income	8,516	5,105	66.8%	38,484
<i>% margin</i>	<i>9.8%</i>	<i>6.4%</i>		<i>10.0%</i>

- Consistent with historical quarterly reporting, Talgo's recognition of turnover is not evenly spread over the quarters in the year, and depends on the size, timing and phase of the manufacturing projects under execution
- Sales in 1Q2015 growth due to both higher manufacturing and maintenance revenues from execution of contracted backlog
- Adj. EBITDA and Adj. EBIT margins in line with Q1 2015 budget and FY 2015 budget
- Q1 2015 Net Income +66.8% vs. Q1 2014

3. Outlook

- FY 2015E in line with budget
- Guidance provided at IPO remains unchanged
 - Expected cumulative backlog completion of c. 30-35% during 2015 and 2016
- New contract pipeline continues to be very robust

Appendix. Detailed overview of Profit and Loss Account

€thousand	1Q15	1Q14	Var %	2014
Total net turnover	86,532	79,250	9.2%	384,311
Other income	0,817	1,206	-32.3%	15,910
Procurement costs	(34,265)	(35,279)	-2.9%	(180,809)
Employee welfare expenses	(24,190)	(23,291)	3.9%	(104,556)
Other operating expenses and other results	(12,766)	(9,258)	37.9%	(45,111)
EBITDA	16,129	12,628	27.7%	69,745
<i>% margin</i>	<i>18.6%</i>	<i>15.9%</i>		<i>18.1%</i>
Other adjustments	1,324	0,388	241.1%	1,940
Long-term stock compensation plan	1,606	2,506	-35.9%	18,360
Adjusted EBITDA	19,059	15,522	22.8%	90,045
<i>% margin</i>	<i>22.0%</i>	<i>19.6%</i>		<i>23.4%</i>
D&A (inc. depreciation provisions)	(4,465)	(4,232)	5.5%	(18,869)
<i>% of sales</i>	<i>5.2%</i>	<i>5.3%</i>		<i>4.9%</i>
EBIT	11,664	8,396	38.9%	50,876
<i>% margin</i>	<i>13.5%</i>	<i>10.6%</i>		<i>13.2%</i>
Other adjustments	1,324	0,388	241.1%	1,940
Long-term stock compensation plan	1,606	2,506	-35.9%	18,360
AVRIL Amortization	1,989	1,897	4.9%	7,586
Adjusted EBIT	16,583	13,187	25.8%	78,762
<i>% margin</i>	<i>19.2%</i>	<i>16.6%</i>		<i>20.5%</i>
Net financial expenses	(0,455)	(1,708)	-73.4%	(5,411)
<i>% of net turnover</i>	<i>0.5%</i>	<i>2.2%</i>		<i>1.4%</i>
Profit before tax	11,209	6,688	67.6%	45,465
<i>% margin</i>	<i>13.0%</i>	<i>8.4%</i>		<i>11.8%</i>
Tax	(2,693)	(1,583)	70.1%	(6,981)
<i>% of net turnover</i>	<i>3.1%</i>	<i>2.0%</i>		<i>1.8%</i>
<i>% effective tax rate</i>	<i>24.0%</i>	<i>23.7%</i>		<i>15.4%</i>
Profit for the year	8,516	5,105	66.8%	38,484
<i>% margin</i>	<i>9.8%</i>	<i>6.4%</i>		<i>10.0%</i>

- Consistent with historical quarterly reporting, Talgo's recognition of turnover is not evenly spread over the quarters in the year, and depends on the size, timing and phase of the manufacturing projects under execution
- Sales in 1Q2015 growth due to both higher manufacturing and maintenance revenues from execution of contracted backlog
- Adj. EBIT margin in line with Q1 2015 budget and FY 2015 budget
- Lower procurement costs in Q1 2015 vs. Q1 2014 due to stage of manufacturing projects
- Personnel expenses growth in line with increased headcount
- Lower interest expense (lower bond guarantee average costs)

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